

## **1. PURPOSE**

The purpose of this policy is to provide a charter for the efficient and effective collection of outstanding rates and charges owed to the municipality.

## **2. INTRODUCTION**

The management and recovery of outstanding debt is an important aspect of Council's financial management function. Council derives a large share of its revenue from rates and charges, and therefore has a responsibility to ensure that monies owing are collected in a timely, effective and efficient manner.

Municipal rates are raised in accordance with the *Local Government Act 1989* and every rateable property in the municipality receives an annual rate notice showing the amount payable and the options through which payments can be made.

## **3. SCOPE**

This Policy applies to Council staff with the responsibility to ensure collection of Council's rates and charges. This policy does not provide guidelines for ongoing financial hardship beyond 12 months. This information is provided for in the Rates and Charges Financial Hardship Policy.

## **4. PRINCIPLES**

### **4.1 General Principles**

Council will enforce the legislative powers available under the *Local Government Act 1989* in the pursuit of outstanding rates and charges debts.

Council will collect outstanding monies owed using all possible means before engaging in legal action, whilst remaining acutely aware of all ratepayers experiencing genuine financial hardship.

Council will undertake legal action only once all other collection avenues have been exhausted.

Council is committed to:

- Ensuring that the collection process is transparent
- Treating all people fairly, consistently, respectfully and with sensitivity
- All collection matters under this policy are strictly confidential

### **4.2 Notices**

Notices will be clear, concise and provide sufficient information to enable the debtor to be aware of their obligations. Returned mail will be thoroughly investigated promptly.

Annual rate notices will be issued not less than one month prior to the due date of the first instalment. Ratepayers are given the choice of one in full payment or four instalment payments. Ratepayers who choose the instalment option need to pay the first instalment by the due date. A reminder notice for the second, third and fourth instalments will be issued at least 14 days before the due dates for payment. Where the first instalment is not paid by the due date, the property

will not be entered on the four instalment plan and rates will be payable in full by 15 February each year.

#### **4.3 Interest on overdue rates**

Interest on rates and charges is calculated in accordance with Section 172 of the *Local Government Act 1989*, noting the amendments to that Act as a result of the *Local Government Legislation Amendment (Rating and Other Matters) Act 2022*. The rate is set by the Attorney-General under the *Penalty Interest Rates Act 1983* and gazetted each year. The *Local Government Legislation Amendment (Rating and Other Matters) Act 2022* also empowers the Minister, in consultation with the Essential Services Commission, to set a maximum amount of interest that may be levied on unpaid rates and charges.

The interest penalty will be applied after the due date of an instalment. For lump sum payers, interest penalty will be applied after the due date of the lump sum, but calculated on each of the instalment amounts that are overdue from the day after their due dates. Interest continues to accrue daily until the outstanding amount is paid in full, but may be waived in cases of genuine financial hardship and/or where a formal payment arrangement has been negotiated with Council.

#### **4.4 Council Final Reminder (Overdue) Notice**

A Final reminder (overdue) notice will be issued by Council within 14 days following the prescribed due date of payment for in full payers, and within 14 days following the prescribed due date of the fourth instalment for instalment payers. Applicable penalty interest will be included in this notice. Ratepayers who do not pay the Final Reminder Notice by the due date and who have not entered into a negotiated payment arrangement will be shortlisted to be referred to Council's debt collection agency for recovery action. All efforts will be made to contact the ratepayers via phone/text/email by Council staff prior to the referral for recovery action, but if no contact can be established the referral will commence.

#### **4.5 Negotiated Payment Arrangements**

Ratepayers may negotiate a suitable payment arrangement which provides for flexible payment of debts at any time. Any such arrangements that pertain to overdue amounts should aim to clear the debt within a twelve month period where possible. Interest, if applicable, will cease to accrue for the term of the payment arrangement unless the ratepayer were to default on their arrangement and neglect to discuss the matter with a member of the rates department. Failure to adhere to an agreed payment arrangement will result in default reminder text messages being sent, followed by a letter being issued. If no contact is made by the due date stipulated in the letter, then the account will have penalty interest applied and may be referred to Council's debt collection agency for recovery action.

It is encouraged that any outstanding debt be cleared in full before the next rating year commences where possible in order to avoid the ratepayer getting too far behind before the next years rates are levied. The payment arrangement period may be lengthened beyond the 12 month period on the approval of the Co-ordinator Rates.

#### **4.6 Financial Hardship**

If a Ratepayer has been identified as experiencing genuine financial hardship, Council staff will refer to the Rates and Charges Financial Hardship Policy for guidance.

#### **4.7 Debt Collection Agency Referrals**

Ratepayers with either a rate balance in excess of \$1,000, or with a full years rates outstanding, who do not respond to Council's final overdue notice and further attempts at contact, or who default on their negotiated payment arrangement, will be referred to Council's Debt Collection Agency for recovery action through a formal debt collection process. Legal action will only be taken as a last resort with due consideration given to the prior responses to request for payment and the costs involved.

Council, through its contractual arrangements, will ensure that its Debt Collection Agency complies with the Australian Competition and Consumer Commission (ACCC) and Australian Securities and Investments Commission (ASIC) guidelines for debt collection at all times.

#### **4.8 Rate Recovery Sales**

In accordance with Section 181 of the *Local Government Act 1989*, a property may be proposed for sale to recover unpaid rates and charges where all other measures to collect the debt have been unsuccessful, and a Rate Recovery Sale process is justified and worthwhile. A report will be prepared for the consideration of the Chief Executive and the Director Corporate Services, and will include the debtor's financial circumstances if known, debt history, debt collection costs, sale costs, expected proceeds and any other relevant matters. A recommendation to list a property for Rate Recovery Sale is to be endorsed by Council before any action is taken. Under no circumstances will any property considered a ratepayers principal place of residence be sold to recover unpaid rates.

### **5. COMMUNICATION**

Horsham Rural City Council's website, Horsham Rural City Council's intranet

### **6. RESPONSIBILITY**

**Policy Owner:** Co-ordinator Rates

This Policy will be reviewed every 2 years or earlier as required by changed circumstances including changes to legislation and plans, strategies or policies of HRCC.

## 7. DEFINITIONS

Definition	Meaning
Debt	Debt is the amount (of money) owed by a debtor as a result of a transaction with Council.
Financial Hardship	A situation where a ratepayer is unable, because of prolonged illness or unemployment, or other reasonable cause, to discharge their financial obligations to Council and the ratepayer reasonably expects to be able to discharge those obligations if payment arrangements were changed. Financial Hardship means an inability to fulfil a financial obligation, not an unwillingness to do so. The hardship may be short or long term, and will be considered on an individual basis.
Rate payer	The individual, organisation or other party that is liable to pay Rates and Charges. This maybe the property owner or a tenant who under the lease agreement is liable to pay rates.
Rates and charges	Any charge made under Part 8 of the <i>Local Government Act 1989</i> , including but not limited to General Rates, Waste Charges, Fire Services Property Levy,

## 8. SUPPORTING DOCUMENTS

Document	Location
Rates and Charges Financial Hardship Policy	Website, Intranet
<i>Local Government Act 1989</i>	Internet
<i>Local Government Act 2020</i>	Internet
<i>Local Government Legislative Amendment (Rating and Other Matters) Act 2022</i>	Internet
Municipal Association of Victoria Hardship Policy Guidelines	Internet
Ministerial Guidelines relating to payment of rates and charges (as provided for with the Amendment of Local Government Act 1989)	Internet

## 9. DOCUMENT CONTROL

Version Number	Approval Date	Approval By	Amendment	Review Date
01	7 December 2015	Council	Replaces existing Debt Collection Policy adopted by Council in 2003	7 December 2019
02	28 June 2021	Council	Reviewed and updated	28 June 2024
2.1	March 2023	n/a	New logo	28 June 2024
2.2	28 August 2023	Council	Reviewed and updated to ensure alignment with <i>Local Government Legislative Amendment (Rating and Other Matters) Act 2022</i>	28 August 2025

*It is recognised that from time-to-time circumstances may change leading to the need for minor administrative changes to Council and Administrative Policies. Where an update does not materially alter a Policy, such a change may be made administratively, without the need for formal adoption by EMT or Council. Examples include a change to the name of a Council Department/Position Title, a change to the name of a Federal or State Government Department, and a minor update to legislation which does not have a material impact. However, all changes will be noted in the document control section and version number updated.*